

**Statement of Anne Castle**  
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**Before The Subcommittee on Energy**  
**and Water Development**  
**Committee on Appropriations**  
**United States Senate**  
**On the President's Fiscal Year 2014 Budget**  
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Madame Chair, Mr. Alexander, and members of this Subcommittee, I am pleased to appear before you today to discuss the President's FY 2014 budget for the Department of the Interior. I would also like to thank the members of this subcommittee for your efforts to enact a 2014 appropriation, and for your ongoing support for our initiatives.

The President's 2014 budget requests \$11.9 billion for the Department of the Interior. This budget sets priorities, and demands hard choices and sacrifices, to support those key priorities. Our budget supports responsible domestic energy development, advances an America's Great Outdoors strategy, and promotes a sustainable water future. The budget continues to advance our efforts in renewable energy and water conservation, cooperative landscape conservation, youth in the outdoors, and reforms in our conventional energy programs.

I will discuss the President's FY 2014 budget for the Bureau of Reclamation, and the Office of the Central Utah Project Completion Act (CUPCA) Program, and the water-related programs of the U.S. Geological Survey. I thank the subcommittee for your continued support of these programs.

**Introduction**

Interior's mission – to protect America's natural resources and cultural heritage and honor the Nation's trust responsibilities to American Indians and Alaska Natives – is profound. Interior's people and programs impact all Americans.

The Department of the Interior is the steward of 20 percent of the Nation's lands including national parks, national wildlife refuges, and the public lands. Interior manages public lands and the Outer Continental Shelf, providing access for renewable and conventional energy development and overseeing the protection and restoration of surface-mined lands. Through the Bureau of Reclamation, Interior is the largest supplier and manager of water in the 17 western States and provides clean, renewable hydropower resources used throughout the West. The Department supports cutting edge research in the earth sciences and collection and dissemination of scientific research and data to inform resource management decisions within Interior and improve scientific understanding worldwide. The Department also helps fulfill the Nation's unique trust responsibilities to American Indians and Alaska Natives, and provides financial and technical assistance for the insular areas.

The Department of the Interior makes significant contributions to the Nation's economy. We

estimate that it supports over 2.4 million jobs and approximately \$385 billion in economic activity each year. Visits to our National parks, cultural and historic sites, refuges, monuments and other public lands contribute over \$48.7 billion annually in economic activity in 2011 from recreation and tourism. The American outdoor industry estimates that one in twenty U.S. jobs is in the recreation economy. The Department estimates the exploration and production of oil, gas, coal, hydropower, and minerals on Federal lands contributed nearly \$275 billion to the U.S. economy in 2011.

## **2012 Energy and Water Accomplishments**

Four years ago, Secretary Salazar set Interior on a course to create a comprehensive strategy to advance a new energy frontier; tackle the impacts of a changing landscape; improve the sustainable use of water; engage youth in the outdoors; and improve the safety of Indian communities. These priority goals integrate the strengths of the Department's diverse bureaus and offices to address key challenges of importance to the American public. Interior has been making progress in these areas, including:

In 2012, the Department of the Interior generated a total of \$13.7 billion in receipts benefitting the U.S. Treasury – from a combination of royalties, rents and bonuses from mineral, timber, and other natural resource development. In 2012, Interior held 31 onshore oil and gas sales, approved permits enabling more than 350 miles of transmission lines, and approved 112 new offshore deepwater well permits. Interior also progressed on significant renewable projects including the release of both competitive and non-competitive offshore leases for wind energy and planning documents for one of the largest proposed solar energy projects on public lands in the California desert. In 2012, the Department met the 2015 goal established by Congress in the Energy Policy Act of 2005 by approving 10,000 megawatts of non-hydro renewable energy, beating the target three years early.

The Department also approved a 350 megawatt solar energy project on tribal trust land of the Moapa Band of Paiute Indians in Clark County, Nevada. The project marks a milestone as the first-ever, utility-scale solar project approved for development on tribal lands, a project is expected to generate enough power for an estimated 100,000 homes. Among the other actions the Department took in 2012 to advance the safe development of conventional energy sources on public lands and waters, we approved a land-into-trust application from the Three Affiliated Tribes of the Fort Berthold Reservation, the first in a series of necessary approvals that will enable the Tribes to build the first U.S. refinery in decades, supporting American made energy, including domestic resources from the Bakken Formation, while also creating badly needed jobs.

Interior's WaterSMART Program, established in 2010, has assisted many communities in improving conservation, increasing water availability, restoring watersheds, resolving long-standing water conflicts, addressing the challenges of climate change, and implementing water rights settlements. Since 2009, the WaterSMART grant program has provided nearly \$94 million in funding to non-Federal partners, including Tribes, water districts, and universities. In 2012, we provided \$12.2million in funding for approximately 33 WaterSMART grant projects. In 2014, Reclamation anticipates initiating 27 new WaterSMART Grant projects, including many that will contribute to our Priority Goal for Water Conservation.

The Department worked with many state, local and NGO partners to implement short-term measures and develop a long-term action plan to help address water supply and environmental challenges in the California Bay-Delta area, invested nearly \$800 million in major water projects between 2009 and 2013, and moved forward on long-standing water availability and management issues in the Colorado River Basin.

### **Fiscal Responsibility**

Interior's 2014 budget must be viewed in the context of the complex mission that the Department of the Interior has and how the mission affects the lives of all Americans. Interior's \$11.9 billion budget reflects difficult choices, sacrificing in many areas, deferring projects, and programming savings for efficiencies in order to maintain funding for key priorities. The 2014 budget includes \$10.9 billion for programs funded by the Interior, Environment, and Related Agencies appropriation. The 2014 budget for Reclamation, including the CUPCA, is \$1.0 billion.

### **America's Great Outdoors**

The Administration continues to listen to the American public as they ask for protection and restoration of our outdoor landscapes and to expansion of opportunities for recreation through partnerships with States and others, and promotion of America's parks, refuges, and public lands. An important element in this effort is the restoration of our rivers to both protect the environmental and community benefits they provide and to secure future water supplies. By encouraging innovative partnerships in communities across the Nation, the Administration is expanding access to rivers and trails, creating wildlife corridors, and promoting conservation while working to protect historic uses of the land including ranching, farming, and forestry. As part of the America's Great Outdoors program, Interior is supporting signature projects in all States across the Country to make parks accessible for children, create great urban parks and community green spaces, restore rivers, and create recreational water trails to power economic revitalization. Projects were selected in concert with governors, tribal leaders, private landowners, and other stakeholders, and were evaluated based on the level of local support, the ability of states and communities to leverage resources, and the potential to conserve important lands and promote recreation.

The 2014 America's Great Outdoors initiative focuses on investments that will lead to healthy lands, waters, and resources while stimulating the economy – goals that are complementary. Through strategic partnerships, Interior will support and protect historic uses of lands, restore lands and resources, protect and interpret historic and cultural resources, and expand outdoor recreation opportunities. All of these activities have significant economic benefits in rural and urban communities.

### **Leadership on Sustainable Water Supplies**

Interior is working to address the 21st Century pressures on the Nation's water supplies. Population growth, aging water infrastructure, changing climate, rising energy demands, impaired water quality and environmental needs are among the challenges to already scarce

supplies. Water shortage and water use conflicts have become more commonplace in many areas of the United States, even in normal water years. As competition for water resources grows, the need for information and tools to aid water resource managers also grows. Traditional water management approaches no longer meet today's needs.

Interior's 2014 budget continues to better equip land and water resource managers with the tools they need to effectively conserve resources in a rapidly changing environment. Significant changes in water availability, longer and more intense fire seasons, invasive species and disease outbreaks are creating challenges for managers and impacting the sustainability of resources on public lands. These changes result in bark beetle infestations, deteriorated range conditions, and water shortages that negatively impact grazing, forestry, farming, as well as the status of wildlife and the condition of their habitats. Many of these problems are caused by or exacerbated by climate change.

Reclamation continues to participate in and support to the Desert and Southern Rockies Landscape Conservation Cooperatives. These LCCs are partnerships between Interior and other Federal agencies, States, Tribes, non-governmental organizations, and other stakeholders, to bring together science and sustainable resource conservation activities to develop science-based solutions to on-the-ground challenges from a changing environment within an ecological region or "landscape." The LCCs leverage the resources and expertise of the partners and work across jurisdictional barriers to focus on natural resource issues specific to a particular ecosystem or landscape. The Desert and Southern Rockies LCCs focus primarily on water related issues.

In 2010, the Secretary issued a Secretarial Order establishing the WaterSMART Program which embodies a new water sustainability strategy. WaterSMART coordinates Interior's water sustainability efforts, creates a clearinghouse for water conservation best practices and implements a Department-wide water footprint reduction program to reduce consumption of potable water by 26 percent by 2020. WaterSMART is a joint effort by Reclamation and the USGS.

Reclamation proposes to fund the rebased WaterSMART Program at \$35.4 million for water sustainability efforts, a decrease of \$11.7 million from 2012. The WaterSMART programs include: the WaterSMART Grant program funded at \$12.0 million; Basin Studies funded at \$4.7 million; and the Title XVI Water Reclamation and Reuse program funded at \$14.0 million; the existing Water Conservation Field Services program, funded at \$3.4 million; and participation by Reclamation in the Cooperative Watershed Management program, funded at \$250,000. In 2014, Reclamation anticipates initiating a new external water resources grants program of \$1.0 million for research and development of new technologies. The USGS 2014 budget includes \$22.5 million, an increase of \$14.5 million from 2012, for the USGS WaterSMART Availability and Use Assessment program.

In 2011, the Department adopted the WaterSMART Strategic Implementation Plan, which discusses the coordination of activities across bureaus and the contributions they will make in providing Federal leadership toward a sustainable water resources future. In 2011 we also released a report on a pilot project within the Colorado River Basin. This report represented a snapshot of Interior's WaterSMART activities within the Basin and demonstrates the diversity

and significance of several ongoing Federal, State, tribal, local and non-governmental cooperative efforts that are underway.

The Department's budget includes \$4.7 million for Reclamation's Basin Studies program, a component of the WaterSMART initiative. The Basin Studies program funds Reclamation's partnerships with State and local entities to initiate comprehensive water supply and demand studies in the West.

In 2012, the Interior completed the Colorado River Basin Water Supply and Demand Study, the most comprehensive example of the value and breadth of the studies performed under this umbrella. This study was done in collaboration with a broad range of stakeholders, including the seven Basin States, Native American tribes, communities, and conservation and recreational organizations. The study sought to define current and future imbalances in water supply and demand through 2060 in the Colorado River Basin and the adjacent areas of the Basin States that receive Colorado River water, and to develop and analyze adaptation and mitigation strategies to resolve those imbalances.

Another historic milestone was achieved on the Colorado River in November 2012 when Secretary Salazar triggered the first "high-flow experimental release" at Glen Canyon Dam, under a new experimental long-term protocol to better distribute sediment to conserve downstream resources, while meeting water and power needs and allowing continued scientific experimentation, data collection, and monitoring on the Colorado River. The new protocol calls for experimental releases from the Dam through 2020 to send sediment downstream to rebuild sandbars, beaches, and backwaters to provide key wildlife habitat, enhance the aquatic food base, protect archeological sites, and create additional camping opportunities in the Canyon. We have also begun the process for updating the long term plan of operations for Glen Canyon Dam to incorporate the scientific advancements that have occurred since the last plan was finalized, over fifteen years ago.

We have a number of ongoing efforts to improve our management of resources on the Colorado River. With the successful negotiation of Minute 319 to the 1944 Colorado River Treaty, we are now actively engaged with the International Boundary and Water Commission, 7 basin states, and Mexico to implement its provisions and secure bi-national benefits associated with improved water management and environmental restoration of the Colorado River. With the completion of the Basin Study last December, which brought together many Colorado River stakeholders to assess long-term supply and demand imbalance in the basin, the Department is now working collaboratively with those same stakeholders to develop the critical next steps in addressing those imbalances.

We are actively pursuing workable solutions to regional issues such as in the California Bay-Delta. The Bay-Delta is a source of drinking water for 25 million Californians and sustains about \$400 billion in annual economic activity, including a \$28 billion agricultural industry and up until recently supported a thriving commercial and recreational fishing industry. Our efforts in the Bay-Delta are focused on working collaboratively with the State of California and co-leading a Federal inter-agency effort to address immediate water supply concerns associated with this year's drought and maintaining progress on long-term environmental restoration and water

supply needs through the Bay-Delta Conservation Plan. Between 2009 and 2013, we have invested nearly \$800 million in water projects in California. This funding supports the co-equal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Bay-Delta ecosystem.

### **Innovation through Science**

Sustainable stewardship of natural resources requires strong investments in research and development in the natural sciences. Research and development funding is increased by \$143.6 million in the Department's 2014 budget, with R&D funding increases among all of the Interior bureaus, and particularly USGS with a \$38.9 million increase to fund R&D priorities in disaster response, hydraulic fracturing, coastal and ocean stewardship, and ecosystem restoration. The 2014 budget includes R&D funding of \$16.6 million for Reclamation to address climate change adaptation, control invasive quagga mussels, improve desalination technologies, and promote renewable energy development.

### **New Energy Frontier**

The 2014 budget continues Interior's New Energy Frontier initiative to create jobs and achieve greater energy independence. The Administration's blueprint for energy security focuses on safely and responsibly developing our domestic energy resources, including both conventional and renewable resources. The Department plays an important role by providing opportunities for safe and responsible development on public lands and on the U.S. Outer Continental Shelf.

### **Hydropower**

Hydropower is a very clean and efficient way to produce energy and is a renewable resource. Each kilowatt-hour of hydroelectricity is produced at an efficiency of more than twice that of any other energy source. Further, hydropower is very flexible and reliable when compared to other forms of generation. Reclamation has 476 dams and 10,000 miles of canals and owns 58 hydropower plants, 53 of which are operated and maintained by Reclamation. On an annual basis, these plants produce an average of 40 million megawatt (MW) hours of electricity, enough to meet the entire electricity needs of over 3.5 million households on average.

The Department signed a Memorandum of Understanding with the Department of Energy and U.S. Army Corps of Engineers on March 24, 2010 to increase communication between Federal agencies and strengthen the long-term relationship among them to prioritize the generation and development of sustainable hydropower. In 2011, Reclamation released the results of an internal study, the Hydropower Resource Assessment at Existing Reclamation Facilities, that estimated the Department could generate up to one million megawatt hours of electricity annually and create jobs by addressing hydropower capacity at 70 of its existing facilities. In 2012, Reclamation completed the second phase of its investigation of hydropower development, Site Inventory and Hydropower Energy Assessment of Reclamation Owned Conduits, as referenced in the 2010 MOU. While the first phase focused primarily on Reclamation dams, the second focused on constructed Reclamation waterways such as canals and conduits, and estimated the Department could generate over 365,000 megawatt hours of electricity annually by

addressing hydropower capacity on 373 of its existing canals. In total, the two studies revealed that an additional 1.5 million megawatt-hours of renewable energy could be generated through hydropower at existing Reclamation sites.

The budget allocates \$1.1 million to increase clean renewable energy generation by exploring how renewable technologies including solar, small hydropower, and hydrokinetics can be integrated into Reclamation projects; by continuing the effort to optimize Reclamation hydropower projects to produce more energy with the same amount of water; by investigating hydro pump-storage projects that can help integrate large amounts of variable renewable resources such as wind and solar into the electric grid; and by working with Tribes to assist them in developing renewable energy sources.

### **Indian Water Settlements**

The Department has a unique responsibility to American Indians and Alaska Natives, which is upheld by Interior's support for a robust government-to-government relationship as demonstrated by a new comprehensive and transparent consultation policy that ensures there is a strong, meaningful role for tribal governments. Interior's 2014 budget includes \$99.7 million in the Bureau of Reclamation and \$35.7 million Bureau of Indian Affairs to implement land and water settlements.

The Claims Resolution Act of 2010 included four settlements that will provide permanent water supplies and economic security for the Taos Pueblo of New Mexico and Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. The agreements will enable construction and improvement of reservation water systems, irrigation projects, a regional multi-pueblo water system, and codify water-sharing arrangements between Indian and neighboring communities. The primary responsibility for constructing water systems associated with the settlements was given to Reclamation; and BIA is responsible for the majority of the trust funds.

Reclamation is budgeting \$18.2 million in 2014 for the continued implementation of these four settlements and \$60.5 million for the Navajo-Gallup Water Supply project. Reclamation is proposing the establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency.

### **Central Utah Project**

CUPCA, Titles II - VI of P.L. 102-575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District (District). The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Rights Settlement.

The 2014 budget proposes to reconsolidate the CUPCA Office and program into the Bureau of Reclamation. This consolidation is part of broader Administration efforts to implement good

government solutions to consolidate and streamline activities. The CUP is the only water project within the Department of the Interior not managed by Reclamation. The proposed merger would correct that anomaly, ensuring that these projects receive equal and consistent consideration and treatment. Concerns about Reclamation's previous management and operation of the CUP have been addressed within Reclamation and corrected. The 2014 CUPCA budget is \$3.5 million, of this amount, \$1.0 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Utah Reclamation Mitigation and Conservation Commission (Mitigation Commission). We propose to maintain both the Central Utah Project Completion and the Utah Reclamation Mitigation and Conservation Accounts for CUPCA appropriations after the proposed consolidation of the CUPCA Office into Reclamation in order to enhance transparency and ensure the continued direction of funding to the CUPCA Program.

### **Conclusion**

Thank you for the opportunity to testify on behalf of the President's FY 2014 budget for the Department of the Interior and the Bureau of Reclamation. I want to reiterate my appreciation for the long-standing support of this Subcommittee. This budget has fiscal discipline and restraint, but it also includes forward looking investments. We have a tremendous opportunity to improve the future for all generations with wise investments in healthy lands, clean waters and expanded energy options.

I look forward to working with you to implement this budget. This concludes my testimony. I am happy to answer any questions that you may have.